Property Management

Performance Characterization

A total of 483 points were accumulated during FY 2003, based on the Performance Property Assessment Model (PPAM), out of a possible total 500 points. An Outstanding rating was achieved in all areas except two. The two areas where points were not fully earned were in field–tagging of assets within the 15-day time frame, due to the recent Control number effort, and the accurate assignment of custodians. In each of these areas, a rating of Good was achieved.

During FY 2003, the Property Management organization was challenged by several initiatives and DOE oversight actions. One initiative involved significant modification of the PPAM, which has been used for the last five years. A second initiative, an Office of Science (SC)/LBNL initiative, focused on determining the best business practices from the ten SC laboratories. To define these best business practices, all SC property managers were invited to participate; all agreed. Berkeley Lab then prepared a survey, which each representative was asked to complete to establish a baseline. Finally, the property managers met via conference calls to discuss the various approaches and issues. Performance Measure 1.1.b below describes these best business practices and how they are being implemented at Berkeley Lab.

Two primary events seriously affected Property Management's workload in FY 2003. The first was the three audits performed by various DOE and General Accounting Office (GAO) offices. During these audits, the vast majority of sensitive, controlled, and material assets were located and verified, a work effort that required a significant time by core Property staff, division business managers, property representatives, and property coordinators. The audits resulted in no significant findings, but they did recommend improved practices in Berkeley Lab property identification and record keeping, recommendations that have been fully implemented.

The second event was an internal audit during mid-2003 that disclosed approximately $76 million of capitalized fabrication assets booked between 1987 and 1998 that were not properly identified and reported in the general ledger. These assets have been reviewed for appropriate identification and disposition and have been accounted for accordingly. Fiscal year-end balances accurately reflect fixed assets and related depreciation on LBNL financial reports.

BERKELEY LABORATORY
FY2003
PROPERTY MANAGEMENT

	Measured Activities / Sub-Gauges Activity/Support Processes	BSC Ref*	Gradient 60/70/80/90/100	Activity Value	Activity Score	Core Measures Critical Activity	Total Points for Activity	Desired Outcomes Final Product
	PRODUCT QUALITY							
1	**The Quality of the Personal Property Inventory**							
1.1.a.1	The Laboratory will inventory sensitive assets.	C.1/L.1	<98.0/98.0/98.7/99.2/99.5	100	99.8	Property and	100	**Accountability for Equipment, Sensitive Property, and Precious Metals**
1.1.a.2	The Laboratory will inventory equipment assets.	C.1/L.2	<98.0/98.0/98.7/99.2/99.5	100	99.9	Precious metals	100	
1.1.a.3	The Laboratory will account for precious metals.	C.1/L.1	<98.0/98.0/99.0/99.6/99.8	50	100	Accounted For	50	
							250	
	The Quality of the Database							
1.2.a.1	Receiving will tag new assets when received.	C.1	<85/85.0/90.0/95.5/98.0	25	98.0		25	
1.2.a.2	Property will tag assets requiring field tagging within 15 d	C.1/.3/I.1	<85/85.0/90.0/95.5/98.0	25	90.0	Identification	20	
1.2.a.3	Property will verify if in-service assets are recorded in dat	C.1/.3/I.1	<85/85.0/90.0/95.5/98.0	25	99.7		25	
							75	
2	**Accountability**							
2.1.a.1	Property will verify if assets are accurately assigned to custodians by Divisions.	C.1	<85/85.0/90.0/95.5/98.0	60	92	Accountability	48	**Stewardship**
2.1.a.2	Property will verify if new assets are assigned to a custodian within 60 days of entering into the property management database.	C.1/C.3	<85/85.0/90.0/95.5/98.0	40	99.8		40	
							100	
3	**Vehicle Utilization**							
3.1.a.1	Does discretionary vehicle classification meet utilization c	C.1/L.2	<85/85.0/90.0/95.5/98.0	13	105	Fleet Management	13	**Vehicle Utilization**
3.1.a.2	Does essential vehicle classification meet utilization criter	C.1/L.3	<85/85.0/90.0/95.5/98.0	12	111		12	
							25	**25**
	PROCESS QUALITY							
4	**Data System Assessment**					Assessment of		**Reliable Process**
4.1.a	Property will assess the accuracy and the completeness of data in the property management system.	1.1/I.3	Evaluation of Report	50	50	Data System	50	**Control**
								Documentation
							50	**50**

BSC References:
C = Customer
I = Internal Business Processes
L = Learning & Growth
F = Finance

483
500

>=475 Outstanding
>=450 Excellent
>=400 Good
>=352 Marginal
<352 Unsatisfactory

Performance Objective #1

Personal Property Excellence: *The Laboratory will maintain a personal property system that ensures Property programs incorporate best practices as applicable, promotes customer service, and operates in accordance with policies and procedures approved by DOE and the requirements of the Prime Contract.* **(Weight = 100%)**

Summary

There are 11 performance measures in the PPAM. Completion of the measures fall into the following time frames:

- Sensitive and controlled personal-property inventories have been completed.
- Five require monthly performance data. The Laboratory has nine months' worth of data incorporated in the self-assessment report.
- Four consist of performance measures that were completed at the end of September.

Even though the Laboratory has experienced significant challenges in this performance period, we have managed to improve the property-management system at Berkeley Lab. For example, this year Laboratory senior management and division directors are more aware of property-management issues. In addition, both the Life Sciences and Environment, Health, and Safety (EH&S) divisions incorporated property-management performance expectations into their employees' annual Performance Review and Development (PRD) process, for which we made a concerted effort; we now feel the Laboratory has the necessary support to see this occur Laboratory-wide.

In addition to the formalized performance measures that are part of the PPAM, the Laboratory has developed the new best-business-practices measure described in Performance Measure 1.1.b. This process has been a success for all parties involved, and it is planned that the Laboratory will continue the process with monthly conference calls next fiscal year. However, we plan on approaching the effort in a modified format to ensure a higher level of participation and results from the effort.

Objective #1
Criterion 1.1

Assessing Degree of Excellence Achieved: *The Laboratory documents and reports its performance results against established sub-measures contained in the Personal Property Assessment Model (PPAM), and will collaborate with other SC Laboratories in searching for the availability of property best practices and nationally recognized standards for adoption into Laboratory property operations.* **(Weight = 100%)**

Objective #1
Criterion 1.1
Performance Measure 1.1.a

Measuring System and Service Levels: *An overall score will be used to determine the approval status of the Laboratory Personal Property Management System. The score is based on points achieved against the established sub-measures in the PPAM. The PPAM provides the management system framework that establishes and maintains a customer focus, a continuous and breakthrough process improvement culture, and an emphasis on results.* **(Weight = 90%)**

Gradient:

Points	Rating
≥ 475 Points	Outstanding
≥ 450 Points	Excellent
≥ 400 Points	Good
≥ 352 Points	Marginal
< 352 Points	Unsatisfactory

Sub-Measure 1.1.a.1 **Product Quality: The Quality of the Personal Property Inventory.**

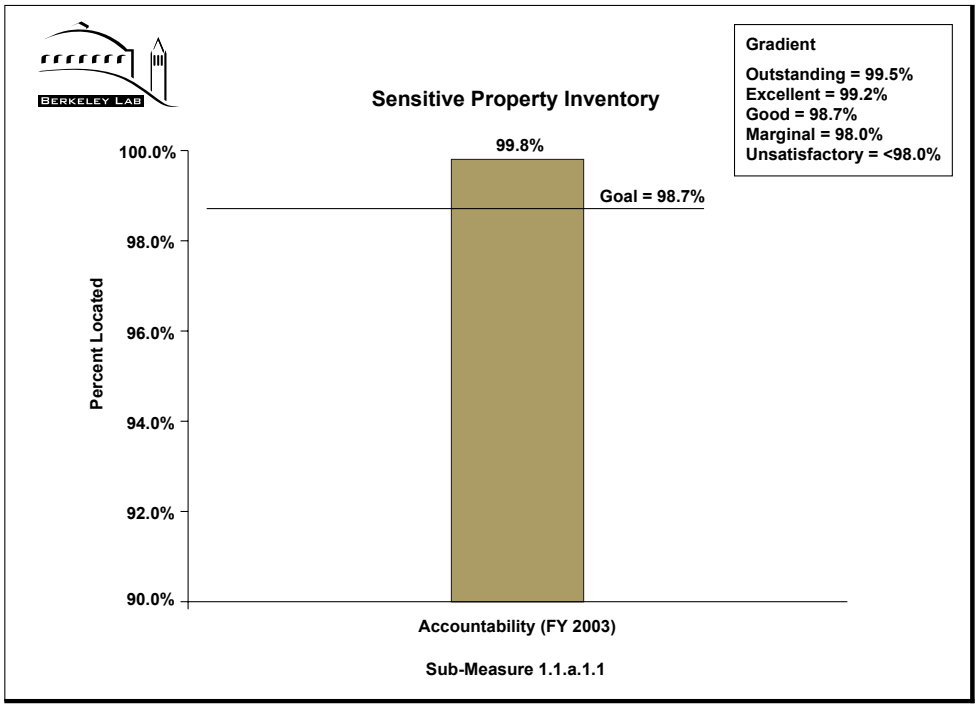
Sub-Measure 1.1.a.1.1 **The Laboratory Will Inventory Sensitive Assets.**

Performance Measure Result

Rating:		Outstanding	100 Points Earned Out of 100			
Product Quality Core Measures		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD Cum
Percent of Sensitive Assets Located	Target = 98.7%	N/A	N/A	99.8%	N/A	99.8%
Acquisition Value of Sensitive Property Assets Inventoried and Accounted For		N/A	N/A	7,183,645	N/A	7,183,645
Acquisition Value of the Sensitive Property Assets in the Inventory Sample		N/A	N/A	7,196,027	N/A	7,196,027

Comments

A total of 1,726 sensitive assets with an acquisition value of $7,196,027 represented the base for the statistical sample inventory. A total of 1,723 sensitive assets with an acquisition value of $7,183,645 were located, resulting in an accountability rate of 99.8%. A DOE representative participated in the validation of 42 inventoried assets. The statistical sample was based on a 99.9% confidence level, 1% error rate, and 2% precision rate.



Sub-Measure 1.1.a.1.2

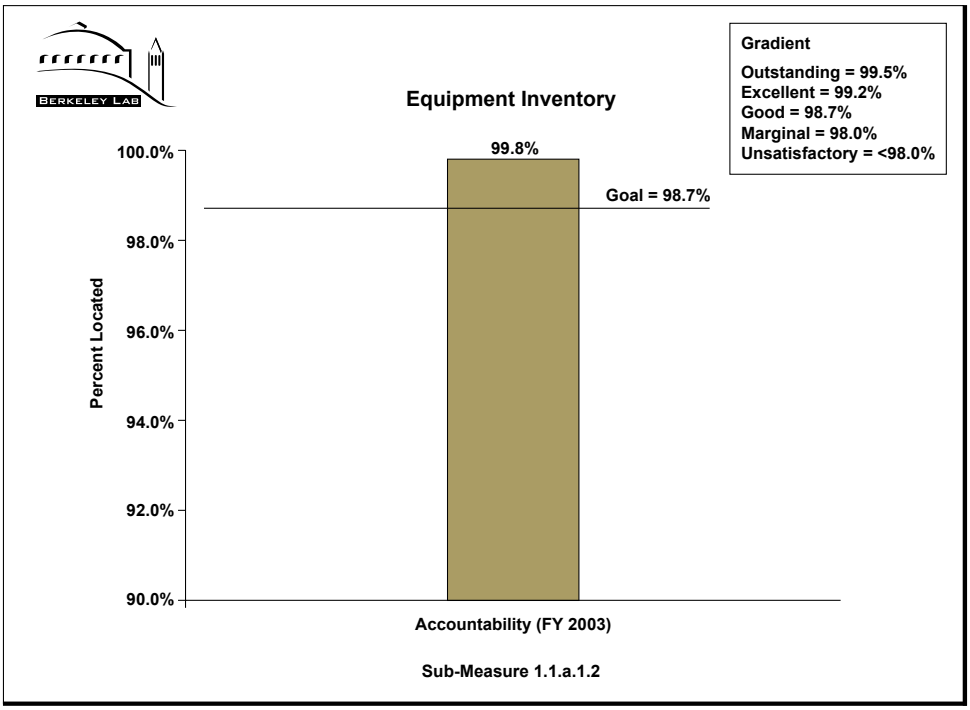
The Laboratory Will Inventory Equipment Assets.

Performance Measure Result

Rating:		Outstanding		100 Points Earned Out of 100		
Product Quality Core Measures		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD Cum
Percent of Equipment Assets Located	Target = 98.7%	N/A	N/A	99.8%	N/A	99.8%
Acquisition Value of Equipment Assets Inventoried and Accounted For		N/A	N/A	68,526,685	N/A	68,526,685
Acquisition Value of Equipment Assets in the Inventory Sample Equipment Assets		N/A	N/A	68,600,538	N/A	68,600,538

Comments

A total of 1,640 equipment assets with an acquisition value of $68,600,538 represented the base for the wall-to-wall inventory. A total of 1,631 equipment assets with an acquisition value of $68,526,685.06 were found, resulting in an accountability rate of 99.8%. The Laboratory was unable to account for nine assets with an acquisition value of $73,853. The oldest asset had an acquisition date of 1958; the newest asset had an acquisition date of 1995. A DOE representative participated in the validation of 42 inventoried assets. The statistical sample was based on a 99.9% confidence level, 1% error rate, and 2% precision rate.



Sub-Measure 1.1.a.1.3

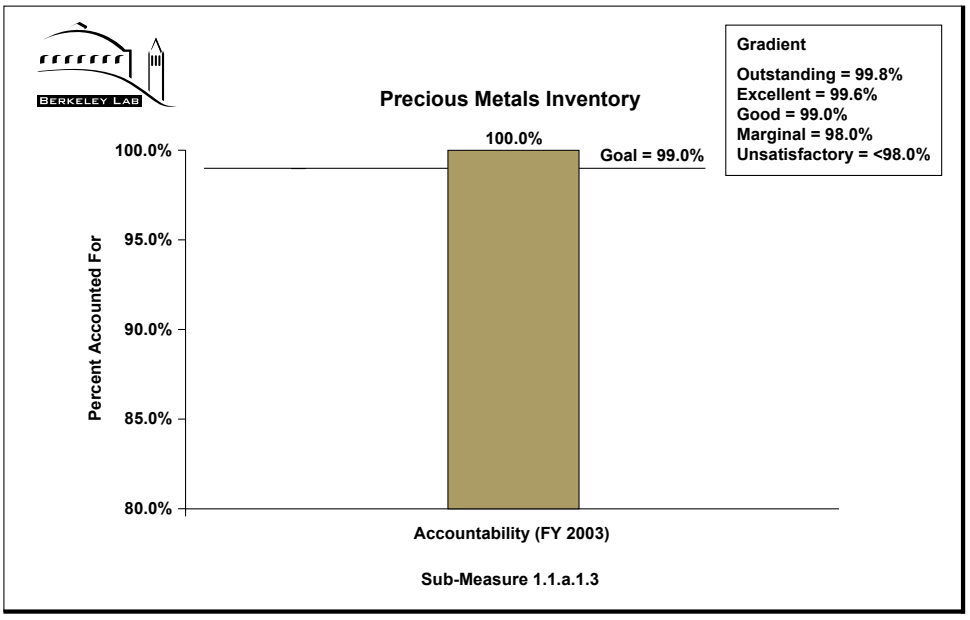
The Laboratory Will Account for Precious Metals.

Performance Measure Result

Rating: Good		40.0 Points earned out of 50				
Product Quality Core Measures		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD Cum
Percent of Precious Metals Accounted For	Target = 99.0%	N/A	N/A	N/A	100%	100%
Grams of Precious Metals Accounted For		N/A	N/A	N/A	38,347	38,347
Total weight in Grams Precious Metals in Database		N/A	N/A	N/A	38,347	38,347

Comments

The precious-metals inventory was completed by September 2003. All precious metals were accounted for.



Sub-Measure 1.1.a.2 **Product Quality: The Quality of the Database.**

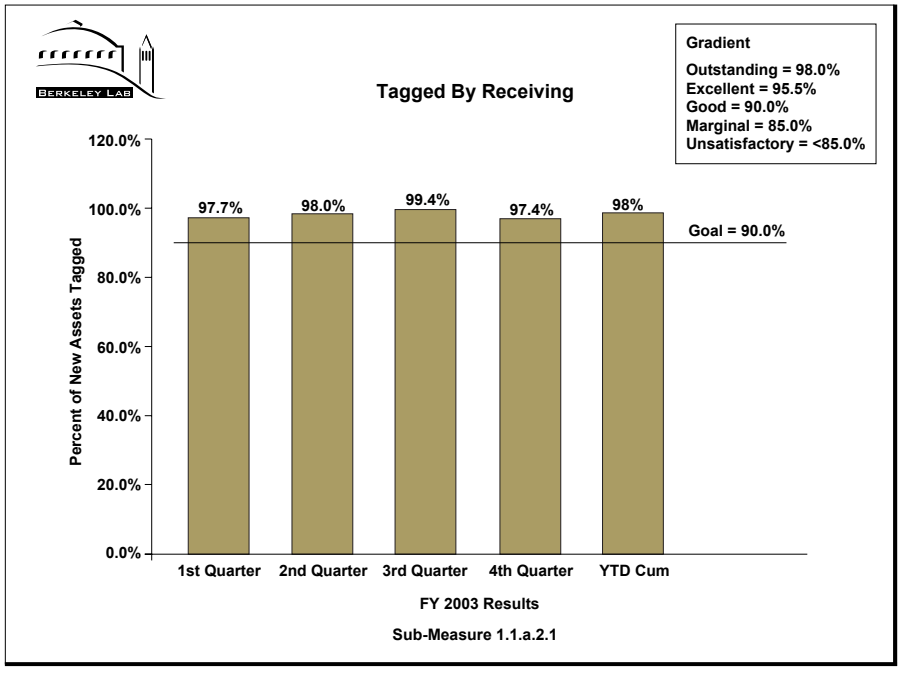
Sub-Measure 1.1.a.2.1 **Receiving Will Tag New Assets When Received.**

Performance Measure Result

Rating: Outstanding		**25.0 Points Earned Out of 25**				
Product Quality Core Measures		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD Cum
Percent of New Assets Tagged at Receiving	Target = 90.0%	97.7%	98.0%	99.4%	97.4%	98%
Number of Assets to be Tagged at Receiving that Received an Inventory Label.		1,713	1,584	2,044	3,549	8,890
Total Number of Assets Received that Require an Inventory label		1,753	1,617	2,056	3,644	9,070

Comments

Receiving places the Property identification label on assets as they are received and documents its actions in the Receiving "Comments" field of the Purchasing system. Property Management staff then evaluate purchasing reports for assets received to determine whether they meet tagging criteria; this provides a crosscheck to determine if Receiving staff are tagging all assets that require an identification label. All untagged assets are then investigated for tagging. This report adds significant value to the identification and receiving process.



Sub-Measure 1.1.a.2.2

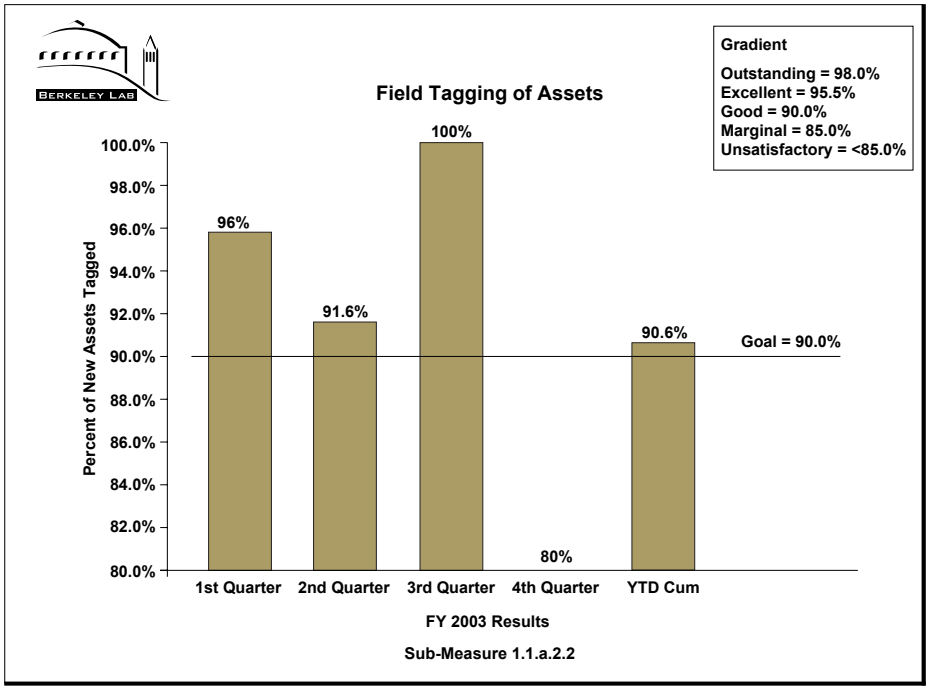
Receiving Will Tag Assets Requiring Field Tagging Within 15 Days.

Performance Measure Result

Rating: Good		20 .0 Points Earned Out of 25				
Product Quality Core Measures		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD Cum
Percent of New Assets Field Tagged within 15 Days	Target = 90.0%	96%	91.6%	100%	80%	90.6%
Number of Assets to be Tagged within 15 Days of Notification when Property Management Is Notified and Asset Is Ready for Field Tagging		24	22	11	20	77
Total Number Of Items that Require Field Tagging		25	24	11	25	85

Comments

In FY 2003, Property Management staff was responsible for field tagging assets not identified during the Receiving process. Due to the lower performance in the First, Second, and Fourth Quarters, we are evaluating alternative methods for this procedure and anticipate working with divisional property representatives to reassign the field-tagging task. The Laboratory is currently working with the Administrative Services Department (ASD) regarding this effort. The tagging of assets responsibility changed from Receiving to Property Management during the First Quarter of FY 2003.



Sub-Measure 1.1.a.2.3

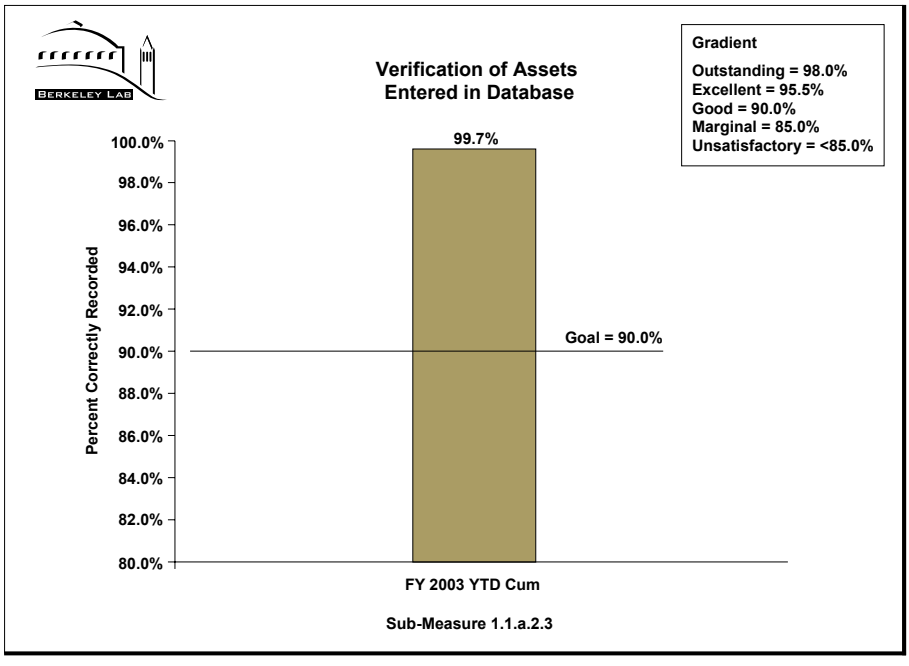
Property Will Verify If In-Services Assets Are Recorded in Database.

Performance Measure Result

Rating: Outstanding		25.0 Points Earned Out of 25				
Product Quality Core Measures		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD Cum
Percent of Sampled Assets Correctly Recorded in the Database	Target = 90.0%	N/A	N/A	100%	99.7%	99.7%
Number of Sampled In-Service Assets Recorded in the Database		N/A	N/A	102	274	376
Total Number of In-Service Assets Selected during the Property Review		N/A	N/A	102	275	377

Comments

Property Management performs property reviews of one-third of the Laboratory divisions per year. In FY 2003, seven divisions were selected for review, and a schedule was finalized in September of FY 2002; however, due to various audits (DOE/HQ, IG, and GAO), it was necessary to delay the property reviews. Two reviews of 102 assets were completed during the Third Quarter; two reviews were completed in July, resulting in 155 assets selected and 154 assets found in the property database, equating to 99.7% accuracy. Three divisions were completed in September, which consisted of 120 assets, totaling 377 total assets, with only one not recorded properly.



Sub-Measure 1.1.a.3 **Product Quality: Accountability.**

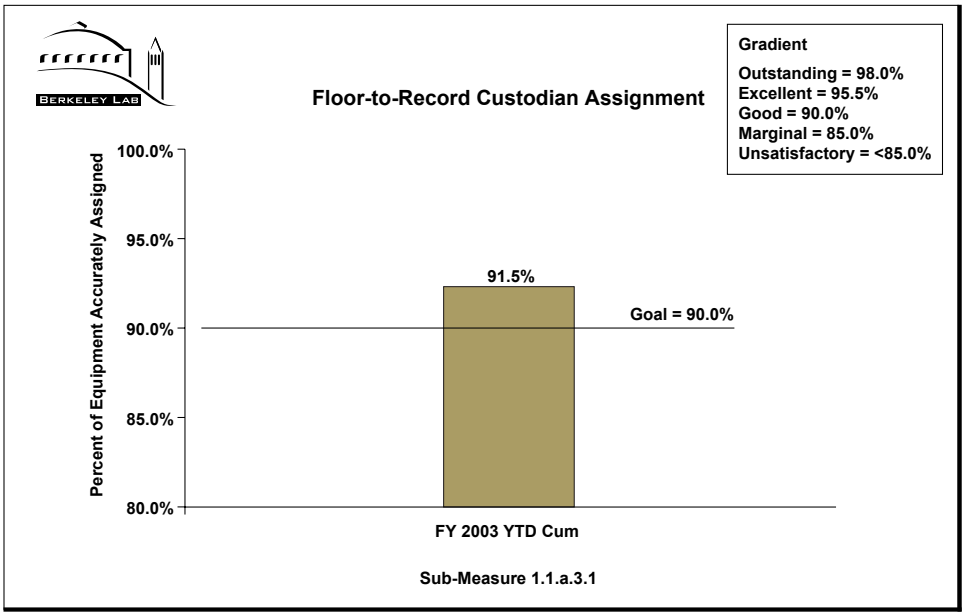
Sub-Measure 1.1.a.3.1 **Property Will Verify Whether or Not Divisions Have Accurately Assigned Assets to Custodians by Divisions.**

Performance Measure Result

Rating: Good		**48.0 Points earned out of 60**				
Product Quality Core Measures		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD Cum
Percent of Equipment Accurately Assigned to Custodian	Target = 90.0%	N/A	N/A	90.2%	92.0%	91.5%
Number of Accurate Custodian Assignment Database Records in Sample		N/A	N/A	92	253	345
Number of Sampled Property Assets		N/A	N/A	102	275	377

Comments

Property Management performs property reviews on one-third of Laboratory divisions per year. In FY 2003, seven divisions were selected for review, and a schedule was finalized in September of FY 2002; however, due to various audits, it was necessary to delay the property reviews. Seven divisions participated in the property reviews, equaling 345 accurate custodian assignments out of 377 assets for this performance measure. The DOE/OAK Organizational Property Management Officer is invited to participate in all property reviews.



Sub-Measure 1.1.a.3.2

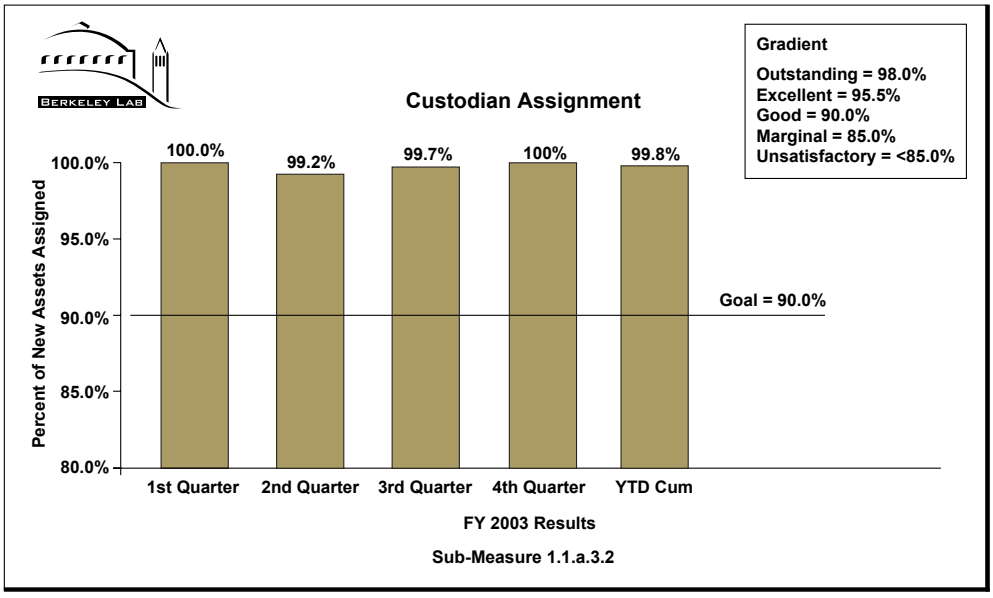
Property Will Verify if New Assets Are Assigned to a Custodian Within 60 Days of Entry into the Property Management Database.

Performance Measure Result

Rating: Outstanding			40.0 Points Earned Out of 40			
Product Quality Core Measures		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD Cum
Percent of New Assets Assigned to a Custodian within 60 Days	Target = 90.0%	100.0%	99.2%	99.7%	100%	99.8%
Number of New Assets Assigned to a Custodian Within 60 Days		1,013	246	667	724	2,650
Number of New Assets Available for Custodian		1,013	248	669	724	2,654

Comments

Custodian-assignment results continue to indicate a very successful program relative to the support provided by Property Representatives. To maintain this level of support, the Property Office performs weekly and monthly analyses. A stepped process has been implemented to ensure the timely assignment of custodians.



Sub-Measure 1.1.a.4 — **Product Quality: Vehicle Utilization.**

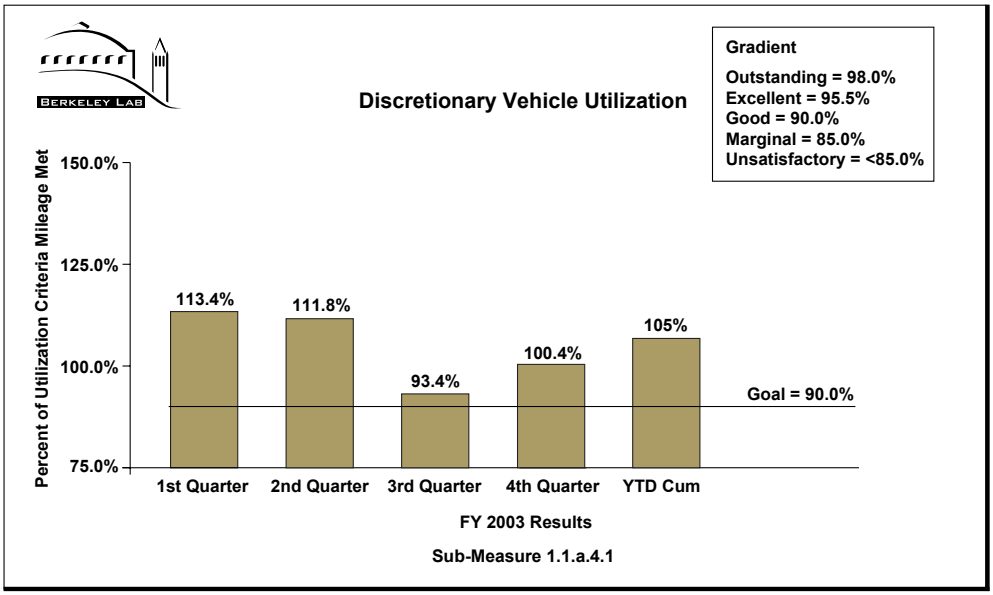
Sub-Measure 1.1.a.4.1 — **Does the Discretionary Vehicle Classification Meet Utilization Criteria?**

Performance Measure Result

Rating:		Outstanding	13 Points Earned Out of 13			
Product Quality Core Measures		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD Cum
Percent of Utilization Criteria Mileage by Discretionary Vehicles	Target = 90.0%	113.4%	111.8%	93.4%	100.4%	105%
Number of Vehicles		49	49	41	60	
Average Monthly Mileage for All Discretionary Vehicles.		37,493	36,979	25,847	40,682	134,325
Required Average Monthly mileage per Discretionary Vehicles.		33,075	33,075	27,675	40,500	141,000

Comments

During the first three quarters, the Laboratory met its goal for use of discretionary vehicles. The utilization criterion was 225 miles per vehicle per month. The number of vehicles, by quarter, was multiplied by the utilization criteria to derive the required mileage per period, and compared against the actual utilization. During the Fourth Quarter, there was an eleven-vehicle increase in the fleet from the beginning of the fiscal year.



Sub-Measure 1.1.a.4.2

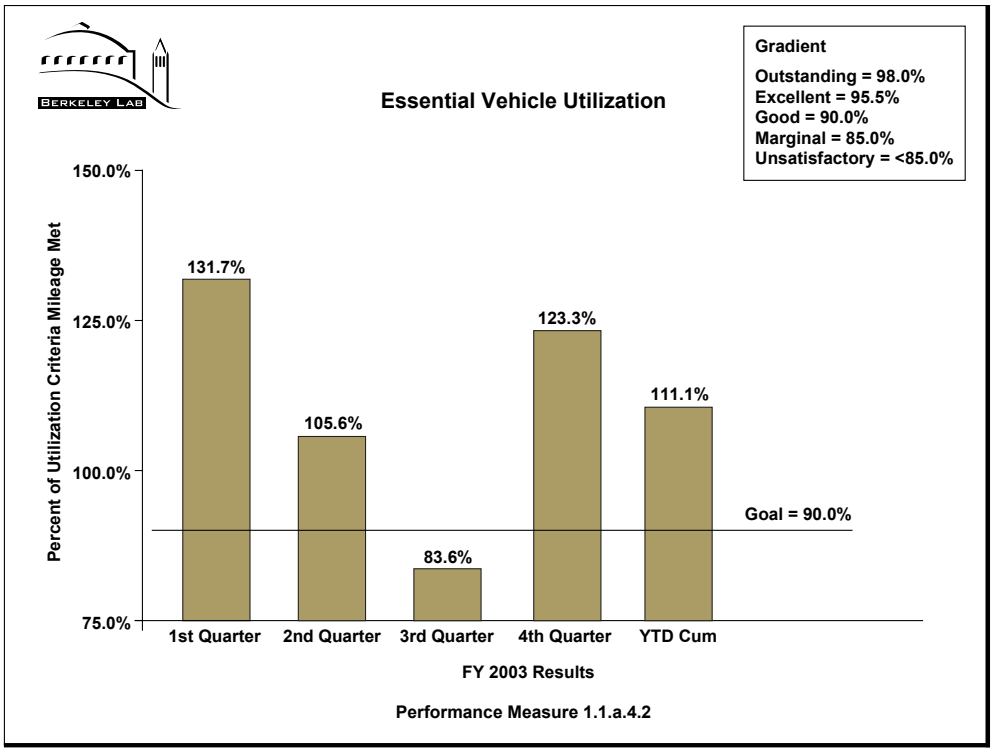
Does the Essential Vehicles Classification Meet Utilization Criteria?

Performance Measure Result

Rating: Outstanding			**12 Points Earned Out of 12**			
Product Quality Core Measures		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD Cum
Percent of Utilization Criteria Mileage by Essential vehicles	Target = 90.0%	131.7%	105.6%	83.6	123.3%	111.1%
Number of Vehicles		204	204	198	192	
Average Monthly Mileage for All Essential Vehicles.		181,300	145,371	111,677	159,812	598,160
Required Average Monthly mileage per Essential Vehicles.		137,700	137,700	133,650	129,600	538,650

Comments

The Laboratory met its goal for use of essential vehicles during FY 2003. The utilization criterion was 225 miles per vehicle, per month. The number of vehicles, by quarter, was multiplied by the utilization criteria to derive the required mileage per period, and to determine the actual utilization. During the Third and Fourth quarters, there was a six-vehicle reduction in the fleet per quarter.



Sub-Measure 1.1.a.5

Process Quality: Data System Assessment.

Sub-Measure 1.1.a.5.1

Property Will Assess the Accuracy and Completeness of Data in the Property Management Database.

Summary

As part of the FY-2003 PPAM, the previous Assessing Support Processes of borrows, loans, excess activities, controlled substances, etc., was replaced by a new performance measure, which assesses the accuracy of data in the property database.

This process was combined with the property-review procedure already in place; the only variance was that for 10% of the property-review samples, the following five data elements were recorded:

- Property number
- Nomenclature
- Manufacturer
- Model number
- Serial number

There are no gradients for this measure, and the points earned are based on this report, out of a possible 50 points.

Performance Measure Result

Floor-to-Record Evaluation of Personal Property Database

The purpose of the new Data System Assessment Methodology measure was to assess, during property reviews conducted in FY 2003, the accuracy of data entered into the property database. An agreement was reached with DOE/OAK and UCOP whereby 10% of the property assets examined during property reviews would be selected, and the following data elements would be verified:

- Property number
- Nomenclature
- Manufacturer
- Model number
- Serial number

If discrepancies were found, Property Management would determine the basis of the discrepancies, e.g., typographical errors, errors based on information provided by Receiving staff, errors from the manufacture packing lists, etc.

In the process of performing the work, Property Management identified data-entry discrepancies that the Laboratory found to be processing

variances. The Laboratory did not count these variances as discrepancies. Examples of these processing variances are listed below.

- If a property custodian told us during the property review that their computer was a computer or a PC, laptop, or a workstation, the Laboratory recorded the asset as a computer/PC. The Laboratory considered any one of the four identifiers as acceptable, since the Property Management office identifies all computers with the exception of servers and supercomputers as a computer/PC.
- The Laboratory also identified examples where the serial or model number in the property database was correct, but numbers recorded in the field included dashes, slash marks, or spaces. In order to standardize the process, especially for future queries, these special characters and blanks are excluded from the database.

Although the Laboratory did not count the above processing variances as discrepancies, these variances have been uniquely identified and recorded in the Work Sheets the Laboratory used to document the results of the data-validation process.

The Laboratory completed property reviews for seven divisions. A total of 378 assets, which equals 10% of each division's asset holdings, represented the base population. From that base, 10% of each division's assets were used as a basis for evaluating the Data System Assessment. The 10% was rounded to 39 assets. Five data fields were compared from the field to the record for this measure. In total 195 (39 x 5) data elements were compared using this process, with a result of 156 data-element matches, equaling an 80% accuracy rate. However, the 39 variances out of the 195 were for a variety of reasons. The reasons are listed below:

- The largest number of discrepancies (15) occurred in the model-number field. There were three primary reasons for these discrepancies. The first was that the model was entered from the Receiving record correctly, but in comparison to the data on the asset, the model numbers provided were incorrect. The second series of model-number discrepancies was caused by not all the model number characters being entered into the property database, in comparison to the data taken from the field. For example, in one case 11 of the 15 characters matched, but the asset had an additional 4 characters that were not in the property database. The third largest discrepancy in model numbers was a transposition of numbers. In reality, Berkeley Lab has come to the conclusion that there may have been a mistake in gathering the data from the field. The most common discrepancy in transposition was the character 'l' versus the number '1'. This aspect of the work effort will be refined in the following year as we continue to perform this analysis.

- The second most significant issue relative to comparing the field data to the property database was the fact that we were unable to locate copies of the original source documents in 14 cases. Therefore, Berkeley Lab could not conclude whether or not it was a data-entry error from Receiving or the Property Office, or even a transposition error. Similar to the previous conclusion, we anticipate modifying our selection process to ensure a higher possibility of obtaining the source documents.

- Berkeley Lab also found that there were a number of cases where the model was taken from the manufacturer's label on the front of the unit, whereas the model number from the manufacturer's plate was completely different. In essence, both were correct, since the user would refer to the asset by the name or model number displayed on the front, while our evaluation methodology was based on the manufacturer's plate. Berkeley Lab anticipates changing our approach and potentially obtaining feedback from the other SC laboratories to determine if they have developed a better approach for resolving this issue.

- The variance between manufacturer and supplier was the next most common discrepancy. This occurred in five cases. Even though we have previously discussed this issue with Receiving staff, it is obvious that we need to work more closely with them to ensure that the correct manufacturer's name is provided to the Property Office. However, in many cases the source document, typically the Receiving receipt from the Purchase Order activity, reflected the vendor, not the manufacturer; therefore Receiving is not completely to blame for this discrepancy. If the requestor identified the manufacturer, and the subcontract administrator listed the manufacturer on the Purchase Order, this issue could be mitigated.

In conclusion, Berkeley Lab has found this performance measure to be much more difficult and time consuming to perform than originally anticipated. The research and documentation to determine the cause of the variances was the single largest effort and required the support of a variety of personnel. Since this was the first attempt at this particular performance measure, we have learned a number of lessons from the effort. We plan to use that knowledge to improve the process during subsequent years, and in the process to ensure that we benefit to the maximum of our ability from the effort expended. However, we also recognize that the success of this effort will hinge on Property Management's ability to work closely with both the Receiving and Procurement departments to avoid some of the pitfalls experienced initially.

Supporting Data

Rating:		0.0 Points Earned Out of 50				
Product Quality Core Measures		1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	YTD Cum
Percent of Records from the Floor that Matched Database Records		N/A	N/A	87.2%	77.1%	80%
Total Number of Accurate Database Records in Sample		N/A	N/A	48	108	156
Total Number of Sampled Property Assets x 5 Data Element records (property #, nomenclature, manufacture, model #, serial #)		N/A	N/A	55	140	195

Objective #1
Criterion 1.1
Performance Measure 1.1.b

Introducing Best Business Practices to Improve Property Performance: *The Laboratory collaborates with other DOE/SC Laboratories in studying, identifying, and documenting property best practices for potential adoption at DOE/SC sites. All SC Laboratories are encouraged to participate in this activity by providing baseline information and by assisting in the research of non-DOE property systems and the assessment of their applicability. Included in this effort will be a review of other SC Laboratory property practices and procedures with the objective of developing a suite of validated SC Property System elements. The elements will be based on recognized or developed standards and accepted or developed practices.* **(Weight = 10%)**

Gradient:

Unsatisfactory: Little or no effort has been demonstrated towards the achievement of the performance measure.

Marginal: Some effort was demonstrated; however, results fell short of the expectations for a "Good" rating.

Good: The Laboratory contacted all SC Laboratories to collaborate in studying, identifying, and documenting property best practices for potential adoption at DOE/SC sites. A substantial amount of other SC Laboratory property practices and procedures were reviewed.

Excellent: The criterion for a "Good" rating has been met. In addition, new practices have been identified for possible implementation at the Laboratory.

Outstanding: The criterion for an "Excellent" rating has been met. In addition, new practices have been identified and some have been implemented at the Laboratory.

Performance Measure Result

The Laboratory initiated a collaborative process with the other nine DOE/SC laboratories during this performance period. This collaboration was intended to identify and document various best practices with respect to property management at each facility for potential adoption both at Berkeley Lab and across the DOE/SC complex. Nine best business practices were developed from this effort. Berkeley Lab anticipates working with our counterparts at DOE/OAK to recommend a course of action to promote these best business practices with the SC community. In addition, Berkeley Lab has already modified the Sensitive Item Policy, which was completed through the efforts and support of the three UC-managed laboratories, and Berkeley Lab has implemented the Custodian Accountability statement in two divisions, with plans to incorporate the statement throughout the Laboratory.

All SC laboratory property managers were invited to participate. The invitation, distributed on November 25, 2002, also proposed that the Laboratory develop a survey to establish a better understanding of the responsibilities shared by the laboratories, as well as those unique to each organization. The comprehensive survey was distributed on November 27, 2002. Berkeley Lab initially requested information on group name, head of

the group's title, group's organizational level within the laboratory, and organizational structure (centralized versus decentralized).

Survey

These introductory survey questions established a perspective on the structure of the various property-management organizations, allowing for a comparison of programs across the ten SC laboratories. Some of the conclusions reached from this analysis are listed below.

- Three of the property-management functions were aligned organizationally with Business Services, two were aligned with Procurement, and the rest were a mix of alignments with Security, Special Materials, and Facilities.
- The dominant organizational level was five degrees, meaning that the Property Manager was organizationally five steps below the Laboratory Director; however, four managers were only four steps below the Director. This organizational-level factor is important because it affects the visibility and credibility of a successful Property organization.
- The organizational structure was fairly evenly split between centralized and decentralized staff. The significant variance between laboratories was the number of decentralized employees matrixed to the Property organization**.**

  The highest number of decentralized staff was 54, and the lowest was 18; the average was 40. An interesting comparison is that the laboratory that had the highest number of decentralized staff also had the highest number of assets. The facility with 54 matrixed staff had almost 500 assets per decentralized staff member, versus Berkeley Lab, which had almost 900 assets per decentralized staff member.
- The most unusual result from the introductory survey questions asked whether the functional Property Management group had an advisory board. Berkeley Lab was the only laboratory that instituted such a board to support its work.

The balance of the survey addressed operational activities associated with each facility. This portion of the survey was intended to identify what areas of specific responsibility the property-management organization has and how they interface with other organizations at their laboratory. To achieve this comparison and to establish a baseline, the balance of the survey questions covered ten major subject areas, with over 90 separate areas requiring a response.

The ten major subject areas are as follows:

- Roles and responsibilities
- Authorities
- Records-management applications
- Web site functions
- Assets class and number
- Assets dollar value
- Inventory tracking methodology
- Communication/outreach activities
- General site information
- Sensitive-items listing

The results of these discrete responses provided a variety of conclusions, which are not part of this report; however, from a general perspective, all participants benefited from data comparison and deriving their own unique conclusions.

Results

Through the communication process between the various SC laboratory representatives, ideas were shared, concepts were discussed, and approaches were evaluated for handling similar property-related issues; these processes were documented in the survey results and in the minutes from the various conference calls. All ten SC laboratories participated, in some cases with three or four representatives on a conference call from the same site.

Berkeley Lab as a team has evaluated a number of business practices that the Laboratory shared in common, and the Laboratory has looked for alternative approaches that would benefit the community as a whole. Examples of these topics are listed below.

Sensitive-Item Policy

Berkeley Lab found the sensitive-item policy to be as widely diverse as our physical locations. Unfortunately, the Laboratory also found that reasons for classifying an asset as sensitive were also very diverse. The following conclusions are a sample of what resulted from this analysis.

- The Laboratory found the cost to inventory and maintain an asset was not a significant factor in determining which assets were classified as sensitive. Instead, the Laboratory found a more conservative basis for determining what was sensitive compared to business logic.

- Dollar threshold appeared to be a methodology used to identify a large grouping of assets as sensitive, yet because the dollar threshold was so high, the assets never achieved the minimum dollar threshold, i.e., $500 or $1,000.

- There was no standardization of sensitive assets, even though digital cameras (eight laboratories), computers (five laboratories), fax machines (six laboratories), and portable tools (six laboratories) were identified in many cases. It is interesting to note that only one other laboratory besides Berkeley Lab considers laptops and computers as sensitive assets. Also, the six laboratories that considered fax and portable tools as sensitive assets were not consistent in the balance of their sensitive-item listings.

There were a total of 47 different asset categories, excluding Precious Metals and Controlled Substances, listed in the survey, and only one of the ten sites controlled all 47 categories as sensitive.

Best Business Practice

Even though Berkeley Lab has agreed to work in concert with the other two UC laboratories to develop a common sensitive-item list, the Laboratory recommends that SC establish a standard list of sensitive categories and a uniform dollar threshold across the SC complex.

Transfers of Property

The Laboratory discovered that SC laboratories differ in their approach to both processing equipment transfers and deciding what should be transferred. Some of the conclusions that resulted from this analysis are listed below.

- The process of transferring property is normally a two-step process. First, the SF122 Transfer Order is signed off through the Property Management Office; the Financial Transfer Voucher is then prepared by Finance.

  The equipment transfer was recognized as a convoluted issue depending on whether the work was being performed under an Integrated Contractor agreement or not (i.e., equipment transferred from one DOE laboratory to another).

- Title to and fiscal responsibility for assets were not always clear. If the fabrication components were purchased through the laboratory fabricating the asset, it was frequently not clear as to which laboratory had fiscal responsibility for the asset.

- In some cases, Construction Work in Process (CWIP) assets were physically purchased and fabricated at one site, but "costed" as CWIP at another destination site prior to delivery.

- The laboratories expended time discussing the transfer of property between various laboratories, the Department of Energy, and the CERN accelerator located in Switzerland, in support of the Large Hadron

Collider (LHC). The issue was eventually brought to a close, but it was helpful to concertedly work through the issue.

Best Business Practices

1. The transfer process needs to be reviewed by SC from both the property-management and accounting perspectives to ensure that both physical and financial transfers occur within the same time period.
2. Clear definitions of the party responsible for fabricated assets under Integrated Contractor agreements and the vehicle used to ensure timely transfer of both physical and financial assets need to be established and disseminated to SC laboratories.
3. In the future, when large, joint research efforts such as LHC are being implemented, we recommend that the Organizational Property Management Officer be informed in advance to avoid delays and miscommunication, especially when a foreign country is involved.

Accountability of Property

Establishing policies and procedures for the accountability of property was discussed at length, with two resulting options:

- Inform property custodians that they are financially liable for assets in their name, and that they must reimburse the institution if the assets are lost.
- Inform property custodians that they are responsible for assets in their name, and that if they cannot account for the asset, disciplinary action will occur.

Even though the first option seemed to be the most aggressive method of enforcement, there was general agreement that either the property custodians would not be willing to accept custodianship of assets or the laboratories could not enforce the repayment of lost assets.

Therefore, it was concluded that Human Resources policies and procedures need to incorporate appropriate disciplinary action based on a graded approach. Efforts to initiate this process have already started at Berkeley Lab. An even more significant change has already been initiated by several divisions in Berkeley Lab: including in the annual performance review a statement of the employees' accountability for property.

Best Business Practice

Recommend to SC that during annual employee performance reviews, each employee be required to submit their Custodian Accountability report and verify that they currently have the asset under their accountability.

In conclusion, as part of this effort, Berkeley Lab was able to identify five different best business practices to recommend to SC for implementation across the complex, some of which the Laboratory has either initiated or has begun implementing. The practices are:

1. Standardization of the sensitive-item policy.
2. Review and modification of the transfer process for both Property Management and Finance.
3. Definition agreement of the methodology to be used for property transfer/disposition for integrated contractor agreements.
4. Inclusion of the Organization of Property Management Officers in the process for SC-wide research programs, such as the LHC.
5. Implementation of an SC custodian-accountability process as part of the annual performance review process.

Berkeley Lab has completed the first best business practice, in conjunction with the other two UC laboratories. The fifth practice has been proposed to the Laboratory's Human Resources Department, and several divisions have already implemented the process.

Successes/ Shortfalls

The communication and comparison of our various business practices has been a rewarding experience. We anticipate continuing the conference calls in the future. However, our goal will be to modify the process to ensure a more cohesive and committed participation. We anticipate developing more significant best business practices for the SC contractor community as well as for DOE.